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DOD FOR SECRETARY RUMSFELD
DEPARTMENT FOR EAP, EAP/BCLTV
PACOM FOR FPA HUSO

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SUBJECT: THAILAND SCENESETTER FOR THE VISIT OF SECRETARY OF DEFENSE RUMSFELD

Classified By: Charge Alexander A. Arvizu. Reason 1.4 (a and d)

SUMMARY

11. (C) Mr. Secretary, all of us in Bangkok look forward to your visit as an opportunity to advance a number of key U.S. foreign policy objectives. We have just finished our annual Cobra Gold exercise -- the only multilateral training exercise in the Asia-Pacific region. This year's exercise underscored the fact that the quick ramping up of our regional hub at U-tapao Royal Thai Navy Air Base and our military's ability to interact rapidly with Thai counterparts during the recent tsunami crisis was a direct result of decades of joint combined exercises, training and cooperation. We have requested meetings for you with Prime Minister Thaksin Shinawatra (Prime Minister TOCK-SIN) and Defense Minister Gen. Thamarak Isarangura Na Ayutthaya (Minister TA-MA-ROCK). In those meetings, you can point to the critical U.S. military role in providing assistance to Thailand and the other tsunami-hit nations in the region as evidence that the United States remains engaged in Southeast Asia and is committed to our treaty obligations here. Prime Minister Thaksin is a key ally in the Global War on Terror and would welcome your views on this subject as well as developments in Iraq and Afghanistan. Thaksin will likely share his opinions on his largest domestic challenge -- unrest in the predominantly Muslim provinces of southernmost Thailand. Three other key foreign policy objectives can be advanced during your visit:

-- Iraq. CJCS Myers recently sent the Thai CHOD a letter asking Thailand to send officers to the OIF Multinational Headquarters. We await a response to that request. We have also urged Thailand to make another deployment in support of OIF, but have not received an official indication whether a deployment is in the offing.

-- F-16 Purchase. The MOD has indicated it plans to procure 18 new fighter aircraft to replace its aging F-5's. Competitors include the Saab Gripen, SU-30 and the F-16 Block 152. Both Saab and Sukhoi have a head start on Lockheed Martin in the competition and rumors abound that back room deals favoring Russian planes may be in the works. Thaksin has suggested any deal must be financed through barter trade, which Lockheed Martin is willing to do. We are pressing the Thai to allow F-16 to compete fairly with the Russian and Swedish planes. It would be extremely helpful to Lockheed Martin's bid if you were to reinforce points made recently by Secretary Rice, Deputy Secretary Zoellick and others.

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-- PSI. The Thai Foreign Minister has suggested that his Government is close to endorsing the Proliferation Security Initiative Statement of Interdiction Principles (PSI-SOP). Nonetheless, the bureaucratic clearance process on endorsement is moving slowly. Encouraging Thaksin to endorse the SOP prior to the July Operational Experts Group meeting in Copenhagen might prod the Thai Government to action on this priority non-proliferation issue. End Summary

THE BILATERAL RELATIONSHIP

12. (C) Bilateral relations with Thailand are very good. The goodwill generated by America's quick and massive response to the December 26 tsunami is palpable. American businesses have over \$20 billion in direct investment in Thailand. The United States is Thailand's largest export market and its second-largest foreign investor.

13. (C) Nonetheless, there are several points of friction. Human rights remain a key concern. On October 25, 2004, poorly trained Thai military and civilian security forces forced nearly 1,300 Thai Muslim protesters into trucks to be transported to a military base nearly three hours away. 78 protesters died en route. The State Department's annual human rights report (HRR), which in 2004 voiced concern over the lack of accountability for approximately 1,300 extrajudicial killings in 2003 during a "war on drugs" promoted by the Prime Minister, rankles the Thai Government.

14. (C) Thailand's policy of "constructive engagement" with the military junta in Burma and provision of economic assistance to Rangoon is a source of continuing frustration for us. The Thai government supports democracy in Burma but maintains, not altogether convincingly, that engagement with the SPDC is the only realistic approach it has to make progress on the major cross-border flows of refugees, illegal economic migrants, and methamphetamines it faces from Burma. Recently PM Thaksin has voiced growing frustration with Rangoon and his Ministers tell us that Thai policy may become less favorable towards Burma.

15. (C) It surprises many visitors from Washington to learn that the Thai military has a number of Chinese weapons systems in its arsenal. While Thai military links with the United States are deeper and far more apparent than Sino-Thai links, China's growing influence in Thailand and Southeast Asia is evident in business, the arts, the media and the military. Recent visitors have found PM Thaksin to be an engaging interlocutor when discussing China -- he would likely welcome a chance to discuss China's role in the region.

PM THAKSIN

16. (SBU) In 2001, Thaksin became the first democratically elected civilian Prime Minister to win an outright majority in the Thai Parliament. His Thai Rak Thai (Thais Love Thais) political party dominates domestic politics and controls 377 of the 500 seats in Parliament. Thaksin won reelection in a landslide victory on February 6th. Thaksin comes from a prosperous Sino-Thai family in Thailand's second largest city, Chiang Mai, and placed first in his class at the National Police Academy. He spent several years studying in the United States, earning a master's degree in Criminal Justice from Eastern Kentucky University and a Doctorate in Criminology from Sam Houston State University. After a few years with the police, he left government service to run the family business (Shinawatra Corporation, or Shin Corp), which he turned into Thailand's largest telecom company, making himself a multi-billionaire (in US dollars).

17. (C) Thaksin considers himself a personal friend of the President, drawing on their common Texas connections. He characterizes himself as a "CEO Prime Minister" and likes to be known for being decisive. He is also impulsive. His critics accuse him of authoritarian tendencies, of staffing the major institutions of the country with his family members or classmates, and of reinforcing the business interests of family and political allies through government policies. Of note, Chaisit Shinawatra, the Royal Thai Supreme Commander, is Thaksin's cousin; Chaisit was previously leapfrogged by the Prime Minister into the Army Commander position.

MILITARY COOPERATION

18. (C) We conduct a wide range of major exercises and training programs with Thailand each year, including Cobra Gold, our only joint/combined/multilateral exercise in the Asia Pacific Region. 2005 marked the 24th year we've held Cobra Gold. Over that time, the exercise has transformed from a bilateral effort aimed at training to deter a conventional attack from Vietnam, to a multilateral exercise aimed at enhancing peacekeeping and other skills. Cobra Gold 2005 had a special focus on disaster relief and included observers and participants from over 20 nations as well as representatives from numerous international relief agencies and civilian governmental organizations. For the past five years, Singapore has been a participant in the staff exercise portion of Cobra Gold. In 2005, Japan agreed to participate in the STAFFEX for the first time and is prepared to send participants to Cobra Gold 2006 -- illustrating the special role Cobra Gold plays in promoting multilateral engagement in Asia.

19. (C) Utapao, the Thai Naval Air Base used as the primary staging area for U.S. tsunami disaster relief efforts in the region, has long been a critical support hub for U.S. aircraft transiting the region. Over 420 DoD aircraft use it each year. From January 25 until February 4, we conducted our largest air exercise with the Thai, Cope Tiger. This year, F-18's from the USS Abraham Lincoln, which was operating off of Aceh at the time, participated. Our largest naval exercise is the Combined Afloat Readiness and Training (CARAT) series which will take place again in June.

THE TSUNAMI AFTERMATH AND COBRA GOLD

10. (U) The massive rescue and recovery operation undertaken by the U.S. military as a result of the December 26 tsunami was historic. Mercifully, U.S. casualties were much lighter (about two dozen confirmed or presumed dead) than those suffered by other countries. Thousands of Thai, Europeans and other Asians were killed in the Phuket area -- a haven for vacationers during the holiday season. Total

fatalities will likely never be known; the official number is about 5,400 but Thai officials privately say they expect the final death toll to top 8,000.

¶11. (C) U.S. disaster relief efforts, led by the U.S. military, had an immediate impact on affected areas in Thailand. III MEF Commander, Lt. Gen. Robert Blackman, was the commanding general of Combined Support Force 536 (CSF 536), which was based out of Utapao. CSF 536 worked closely with the Embassy and JUSMAGTHAI to ensure that requests for assistance were promptly addressed and to assist coordination of relief from civilian agencies, NGOs and corporate donors. The Royal Thai Armed Forces granted the U.S. military blanket overflight clearances for relief operations in the region, including for aircraft from the USS Abraham Lincoln Battle Group which operated off Sumatra. In addition to permitting our use of Utapao, the Royal Thai Government integrated Thai officers into the CSF staff where needed. During the height of operations, over 1800 USG personnel operated out of Utapao. We distributed over 660,000 pounds of supplies within Thailand including medicine, food, dry ice and body bags. USAF C-130s made regular delivery runs from Utapao and Bangkok to affected areas for time sensitive supplies while bulk shipments tended to go overland. USN P-3s positioned at Utapao conducted search and rescue missions in the region. Teams made up of medical specialists from the CDC, the Armed Forces Research Institute of Medical Science and the Joint POW/MIA Accounting Command in Hawaii were also deployed to Thailand to assist with victim identification. U.S. Navy SEALS and a representative from the Office of Foreign Disaster Assistance worked closely with Thai military units to search for the remains of American and other victims of the disaster. From the beginning of the disaster, the Defense Attaché Office painted the intel picture for commanders, forces, planners, and national decision makers. Embassy Bangkok provided 24-hour American Citizens Services for weeks after the crisis to assist Americans, claim Amcit remains and coordinate USG relief efforts.

VIOLENCE IN THE SOUTH

¶12. (C) Prime Minister Thaksin's biggest domestic challenge is the unsettled security situation in the far southern part of the country. Southern Thailand, in particular the southernmost Muslim majority provinces of Pattani, Yala, and Narathiwat, has experienced episodic violence since it was incorporated into the Siamese Kingdom in 1902. However, 2004 witnessed a dramatic increase in the level of violence, with over 500 people killed either by militants or by security forces. Local Muslim separatist militants have attacked symbols of Thai and Buddhist authority, and there continue to be almost daily incidents of violence, notably even after the tsunami disaster of December 26. Attacks most often involve

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isolated shootings of local officials, although increasingly sophisticated bombing attacks have become more common. While there is no credible evidence of Jemaah Islamiyah (JI) or al-Qaeda direction of the violence, there is concern that they might attempt to exploit the local violence for their own purposes.

¶13. (C) Thaksin has recently acknowledged that the problem in Thailand's south is not simply the work of criminal gangs as he once declared, and that recent RTG policies towards the South have failed to halt the violence. Thaksin recently appointed a National Reconciliation Commission (NRC) headed by highly respected former Prime Minister Anand Panyarachun to look for althernative solutions to the long-running insurgency, and has indicated that he might replace martial law with something less harsh. Until recently, this violence was directed primarily at RTG institutions with no evidence of attacks directed towards foreign interests. On April 3, however, simultaneous bombs exploded outside a French-owned Carrefour supermarket in Songkla's Hat Yai City and at the Hat Yai airport, killing two persons. Since then there have been no other attacks on foreign-owned targets. Thai officials may ask you for U.S. equipment and technology such as UAVs to support efforts to monitor militant movements in the south. We recommend you be receptive but noncommittal, and suggest that technical experts follow up. You may also wish to point to our current efforts to improve human rights training for Thai soldiers and officers who will rotate to the south. We are working with U.S. experts to develop a multi-faceted training program to educate enlisted soldiers, mid-level officers and senior Thai leadership. Thaksin -- and most Thais -- are sensitive about any perception that the U.S. wants to establish a security presence in the south. Outrageous but widely circulated rumors that the U.S. has fomented violence in the South also need to be considered when discussing offers of possible U.S. assistance. In your meetings, you may wish to:

-- Seek Thaksin's assessment of the situation in the south and to ask what the Thai strategy is to bring the situation under control;

-- Point out our desire that any Thai security response be consistent with international human rights norms.

THAILAND AND IRAQ

14. (C) Thailand has played an important role in supporting the Global War on Terror. In addition to capturing terrorist mastermind Hambali -- the link between the Jemaah Islamiah and al Qaeda -- Thailand sent troops to both Afghanistan and Iraq. Thailand dispatched two deployments to Iraq as part of OIF. In December 2003, two Thai soldiers were killed by a car bomb while on duty in Karbala. Thailand's second six-month deployment of 443 medics and engineers to Iraq ended on September 20, 2004. While participation in OIF has not caused the domestic furor in Thailand that it has in other countries, Thaksin's critics have used Thailand's deployments to Iraq against him. Several RTG officials have told us that Thailand's deployments have been used by militants to stir up dissent in the Muslim south. Recently, CJCS General Myers sent a letter asking Thailand to consider sending staff officers to man the OIF Multinational Headquarters. Although in recent meetings with PACOM Commander ADM Fallon and Deputy Secretary of State Zoellick Thaksin had said that he would consider some "humanitarian" presence in Iraq, at a private dinner on May 12 with the Ambassador, Thaksin seemed extremely sensitive to the issue, particularly the symbolism that a Thai presence in Iraq would have among Muslims in southern Thailand. Thaksin stressed that as an ally Thailand supported the U.S. on Iraq, but asked us to be sensitive to his own efforts to manage the situation in Thailand's south. During your meetings with Thaksin and Thamarak, you may wish to:

- Express appreciation for Thailand's previous deployments to Afghanistan and Iraq;
- Ask whether Thailand would agree to send staff officers to man the OIF Multinational Headquarters;
- Probe for details about what type of Thai follow-on deployment might be possible;
- Assure RTG leaders that U.S. military experts will help them shape the deployment.

F-16 SALE

15. (C) Thailand recently announced its plans to purchase 18 fighter aircraft to replace aging F-5s in the Royal Thai Air Force (RTAF) fleet. Although the RTAF presently has 59 F-16s in its inventory, reports indicate that the RTG is leaning towards purchasing Saab Gripen or SU-30s because of a belief (which we have worked to overcome) that Saab or Sukhoi can offer a better business deal to Thailand. In his meetings with ADM Fallon and Deputy Secretary Zoellick, Thaksin indicated that a successful bid on the fighter contract would have to include barter trade. Lockheed Martin subsequently made clear that it was willing to offer the same attractive barter deal that the Russians or Swedes offer. Lockheed Martin met with Ministry of Commerce officials for the first time to discuss barter trade on May 24 and plans to follow up shortly with a meeting with the Commerce Minister to assure him that Thailand is prepared to offer the same sort of financing package as Saab or Sukhoi. RTAF officers generally support the F-16 Block 52 in the competition although rumors abound that the RTAF commander is leaning heavily towards purchasing Russian planes. We have been making a full court press on Thaksin asking him to ensure that his Commerce and Defense Ministries give Lockheed Martin's bid the same serious consideration they are giving Saab and Sukhoi. This point has been made by Secretary Rice, Deputy Secretary Zoellick and ADM Fallon. The Embassy believes that pressure from senior U.S. officials like yourself is essential for Lockheed Martin's prospects. It is our belief that a transparent competition that takes into consideration capability of the aircraft, interoperability with U.S. forces, and cost would result in F-16 winning the contract. It would be extremely helpful in this effort if you would:

- Stress our desire for Lockheed Martin to compete in an fair competition with the Swedes and Russians.
- Note Lockheed Martin's willingness to conduct barter trade involving Thai agricultural products and other items.
- Point out the interoperability and technology transfer advantages F-16 has over SU-30 or Gripen and how it is the best choice to defend Thailand.

PROLIFERATION SECURITY INITIATIVE (PSI)

16 (C) After a year and a half of lobbying from the U.S. and others, Thailand apparently has made the basic policy decision to be more supportive of the Proliferation Security Initiative (PSI) and is moving through the final steps towards endorsement of the PSI Statement of Interdiction Principles (SOP). However, despite recent assurances by both the Foreign Minister and Deputy Prime Minister that official Thai endorsement of PSI awaits only final Cabinet approval, the Royal Thai Government has failed to move forward with the

initiative. Prime Minister Thaksin's final scrutiny of the decision will be key, and his endorsement cannot be taken for granted given his mercurial decision making style. An action driving event might be the upcoming PSI Operational Experts Group (OEG) meeting in Copenhagen in July. If Thailand endorses the SOP prior to that meeting, it will be allowed to participate with other PSI endorsing countries. In your meeting with PM Thaksin, you may wish to:

-- Welcome the Thai Foreign Minister's recent suggestion to Secretary Rice that Thailand will soon endorse the PSI SOP.

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-- Note the importance of the upcoming OEG meeting in Copenhagen in July and express our hope that Thailand endorses the PSI principles prior to that meeting.

ARVIZU